Energy Solutions Inc.

December 31, 2002

Report of Management

The financial statements of NorthPoint Energy Solutions Inc. (NorthPoint) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles and policies, applied on a basis consistent with that of the preceding year. The preparation of financial statements necessarily involves the use of estimates which have been made using management's best judgement. In management's opinion, the financial statements have been properly prepared within the framework of selected accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, information available up to February 5, 2003.

Management maintains appropriate systems of internal control, including policies and procedures which provide reasonable assurance that NorthPoint's assets are safeguarded and that financial records are relevant and reliable. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and to the Audit and Finance Committee of Saskatchewan Power Corporation (SaskPower).

The financial statements have been examined by Deloitte and Touche LLP, independent chartered accountants. The external auditors' responsibility is to express a professional opinion on the fairness of management's financial statements. The Auditor's Report, which follows, outlines the scope of their examination and sets forth their opinion.

The Board of Directors, through the Audit and Finance Committee, ensures that management fulfills its responsibility for financial reporting and internal control. The Audit and Finance Committee consists of outside directors and at regular meetings reviews internal control and financial reporting matters with management and external auditors to satisfy itself that each is properly discharging its responsibilities. The Audit and Finance Committee of NorthPoint and the Audit and Finance Committee of SaskPower have reviewed the financial statements and submitted their report to the Board of Directors of NorthPoint and SaskPower respectively. The Audit and Finance Committee of SaskPower at regular meetings reviews NorthPoint 's audit matters with the internal auditors to ensure that responsibilities are being properly discharged. The internal and external auditors have full and open access to the SaskPower Audit and Finance Committee, with and without the presence of management.

On behalf of Management,

Patricia Youzwa
Chief Executive Officer
February 5, 2003

Patricia Hall
Chief Financial Officer

Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of financial position of NorthPoint Energy Solutions Inc. (NorthPoint) as at December 31, 2002 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of NorthPoint's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of NorthPoint as at December 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Canada
February 5, 2003

NORTHPOINT ENERGY SOLUTIONS INC.
Statement of Income and Retained Earnings
For the year ended December 31,

(in thousands)

	2002 (12 months)	2001 (2 months)
Revenue		
SaskPower service revenue	$ 3,042	$ 864
Energy sales (note 8)	9,029	-
Other	297	-
Total revenue	12,368	864
Expense		
Administration	3,179	434
Cost of energy	7,087	-
Total expense	10,266	434
Operating Income	2,102	430
Foreign Exchange Gains	175	-
Net Income	2,277	430
Retained earnings, beginning of year	430	-
Dividend declared	(2,049)	-
Retained earnings, end of year	$ 658	$ 430

See accompanying notes

NORTHPOINT ENERGY SOLUTIONS INC.
Statement of Financial Position
As at December 31,
(in thousands)

	2002	2001
Assets		
Current Assets		
Cash	$ 12,632	$ 11,321
Accounts receivable	7,330	-
Due from SaskPower	4,039	11,287
Total Assets	$ 24,001	$ 22,608
Liabilities and Equity		
Liabilities		
Accounts payable	$ 6,862	$ 459
Due to SaskPower	4,432	11,719
Dividend payable	2,049	-
Total Liabilities	13,343	12,178
Equity		
Share capital (note 3)	10,000	10,000
Retained earnings	658	430
Total Equity	10,658	10,430
Total Liabilities and Equity	$ 24,001	$ 22,608

Commitments (note 6)

See accompanying notes

On behalf of the Board:

David T. Barnard, Chair

V. Lynne Pearson, Director

NORTHPOINT ENERGY SOLUTIONS INC.
Statement of Cash Flows
For the year ended December 31,
(in thousands)

	2002 (12 months)	2001 (2 months)
Operating activities		
Net income	**$ 2,277**	$ 430
Credits to operations not involving cash:		
Foreign exchange gains	**(175)**	-
Net change in non-cash working capital	**(791)**	891
Cash provided by operating activities	**1,311**	1,321
Financing Activities		
Share capital issued	-	10,000
Cash provided by financing activities	-	10,000
Increase in cash	**1,311**	11,321
Balance, beginning of year	**11,321**	-
Balance, end of year	**$ 12,632**	$ 11,321

Notes to the Financial Statements

As at December 31, 2002

1. Status of NorthPoint Energy Solutions Inc.

NorthPoint Energy Solutions Inc. (NorthPoint) was incorporated pursuant to *The Business Corporations Act (Saskatchewan)* effective October 17, 2001 and began operations November 1, 2001. NorthPoint is a wholly owned subsidiary of Saskatchewan Power Corporation ("SaskPower").

The financial results of NorthPoint are included in the consolidated financial statements of SaskPower. NorthPoint contributes to the long-term success of SaskPower by diversifying its revenue base. NorthPoint has a service agreement with SaskPower giving NorthPoint responsibility for the performance of energy trading functions and for co-ordinating utility generation output. Service revenue from SaskPower provides approximately twenty-five percent of total revenues of NorthPoint.

As a subsidiary of a provincial Crown corporation, NorthPoint is not subject to federal income tax, provincial income tax or federal large corporations tax.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Corporate accounting policies and practices are subject to examination and approval by NorthPoint's Board of Directors and SaskPower's Board of Directors.

The following accounting policies are considered significant:

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates relate primarily to unsettled transactions and events as at the date of the financial statements. Actual results could differ from those estimates due to factors such as currency exchange rates, commodity prices, changes in economic conditions and legislative and regulatory changes.

(b) Foreign Currency Translation

Revenues and expenditures denominated in a currency other than Canadian dollars are translated into Canadian dollars at the exchange rate on the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate in effect on the balance sheet date. Any resulting foreign currency translation gains and losses are included in the statement of income in the current period.

(c) Revenue Recognition

NorthPoint provides generation and load management services for SaskPower whereby co-ordinating the utility generation output. This revenue is recognized as it is earned and is included in SaskPower service revenue.

NorthPoint acts as an agent of SaskPower and is responsible for the performance of energy trading functions related to the generation assets of SaskPower. NorthPoint receives commission for the performance of this service. Revenues from energy sales from SaskPower generation assets are not recorded on a gross basis; commission revenue only is recorded. Commission revenue is recognized as the

energy trades are conducted and is included in SaskPower service revenue.

NorthPoint also acts as a principal in wholesale energy marketing transactions which do not relate to the generation assets of SaskPower. NorthPoint acts as a principal in these energy marketing transactions taking title to the energy purchased for resale and assuming the risks and rewards of ownership. These energy marketing revenues are recorded on a gross basis. NorthPoint records revenue for energy sales to external parties as delivered. Energy sales not billed by month-end are accrued based upon estimated energy delivered.

(d) Employee Future Benefits

NorthPoint provides pension plans for nearly all employees, including a defined contribution pension plan and a defined benefit pension plan. In accordance with the terms of the defined contribution plan (Public Employees Pension Plan), NorthPoint's contributions are limited to matching the contributions made by employees for current service. When made, these contributions are charged to income. Defined benefit pension plan benefits are provided by SaskPower to eligible employees.

NorthPoint provides defined benefit severance plans for substantially all employees. NorthPoint's obligations are limited to making regular contributions to SaskPower in respect of severance plan benefits.

NorthPoint provides a supplementary superannuation plan for certain management employees who elect to forego their entitlement to banked days off. NorthPoint's obligation is limited to yearly notional contributions to the plan based upon the employee's salary and an amount allocated for interest on the employee's plan balance.

3. Share Capital

Issued and Outstanding

NorthPoint is authorized to issue an unlimited number of Class A shares. NorthPoint issued 10,000,000 Class A shares of capital stock for $10 million to SaskPower in 2001. No changes occurred in 2002.

4. Employee Future Benefits (in thousands)

The Corporation contributed $146.6 (2001 - $12.6) to the above described plans.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

(in thousands)

	2002	2001
Accounts receivable	$4,039	$11,287
Accounts payable	6,481	11,719
Revenue	3,042	864
Administration expense	2,748	404

6. Financial Risk Management

Foreign Exchange Risk

By virtue of its business operations, the Corporation is exposed to changes in the United States/Canadian dollar exchange rate. The Corporation purchases energy from and sells energy to the US market. These transactions then must be translated into Canadian dollars at the exchange rate in effect at the transaction date. The Corporation does not utilize financial instruments to manage its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. At year end receivables from two customers comprised 72% of total outstanding receivables. These amounts have been subsequently paid. The Corporation maintains strict credit policies and limits in respect to counterparties.

7. Commitments

At year end NorthPoint was committed to 2003 sales of $1,227,600 and 2003 purchases of $1,018,816.

8. Energy Sales by Geographic Location

(in thousands)	2002	2001
Canada	$ 8,302	-
United States	727	-
	$ 9,029	-

Revenues are attributable to countries based on the location of customers.

9. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation.